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PROJECT OFFICERS HANDBOOK

Para. 1.3

CONTRACT INITIATION
INCLUDING
CHANGE OF SCOPE AND OVERRUNS

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1.3 Contract Initiation Including Change of Scope and Overruns

This section describes the procedures and documentation required in requesting approval of RD&E contracts and associated actions. Although addressed primarily to new contracts and renewals, or follow-on, approval of proposed Changes of Scope of contracts and Overruns, and other contract modifications may be requested in a similar manner.

The information and guidance pertains to Directorate level needs, and supplementary procedures suited to the needs of the Offices, prior to submitting requests for approval, may be required.

1.3.1 Procedure

An ensemble of material known as the Contract Package is prepared and submitted to the appropriate approving authority when new contracts, contract renewals for follow-on, changes of scope, overruns, and other similar contract actions are requested. These packages are prepared by the Offices and then submitted to the appropriate approving authority. When approved, appropriate notification and instruction is forwarded to the appropriate procurement

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group for initiation of the requested action. The Project Officer is the focal point for the preparation of the Contract Package, since he is the single individual most knowledgeable of all the various details involved. Although various staff elements at all levels may be able to assure administrative accuracy, the Project Officer must consider himself responsible for the package, and exercise appropriate initiative to see that it correctly reflects the job he proposes to do.

1. 3. 1. 1

Contract, and Contract Modification Approval Levels

The approving authority for new contracts, renewals, changes of scope of work, etc., is specified by various Agency directives. The current levels are as follows:

25X1A	25X1A	or less	Office
		or less	Directorate
25X1A	Over \$		Agency

At the Office level, the Director or the Deputy Director may sign as approving authority; at the Directorate level the Deputy Director and the Assistant Deputy Director are the approving authorities.

1. 3. 1. 2

Overrun Approval Levels

A contract cost overrun occurs when costs are incurred or are to be incurred in excess of the originally negotiated

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maximum contract price.

Provided funds are available in unobligated Office allotments, Office Directors and Deputy Office Directors may approve cost overruns on contracts under the following circumstances:

- a. To a limit of 10% on contracts where the originally negotiated price did not exceed \$ [REDACTED] 25X1A
- b. To a limit of \$ [REDACTED] on contracts where the originally negotiated price ranged between \$ [REDACTED] and \$ [REDACTED] 25X1A
- c. To a limit of \$ [REDACTED] on contracts where the originally negotiated price ranged between \$ [REDACTED] and \$ [REDACTED] 25X1A
- d. Where a cost overrun exceeds the approving limitations of Approving Officers, the full circumstances and recommended action will be submitted to the Deputy Director for Science and Technology by memorandum for approval.

When appropriate Fiscal Year funds are not available in Office allotments, the memorandum requests for additional funds will be prepared for DD/S&T signature. The memorandum will be addressed to the Executive Director-Comptroller.

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1. 3. 1. 3 Routing and Follow-up

Internal Office routing is designated by each Office depending upon its needs. Contract Packages are sent to the Directorate Registry and are then given to a single officer who is responsible for routing and follow-up within the Directorate (currently Mr. [REDACTED], extension 25X1A Red: 1336, Black: 4248. This individual is responsible for inspecting the Contract Package when it is received to see that the documentation is complete. Duplicates or extracts of pertinent information are prepared and forwarded to the Directorate appropriate staff elements, and the complete package is circulated as required. He maintains a log of the whereabouts of the Contract Package and the action which has been taken in order to provide a single point of contact within the Directorate where up-to-date information on the proposed work may be obtained for the Offices and the Project Officer. This Directorate officer also keeps track of any packages which are returned to the Offices for rework or other reasons.

1. 3. 1. 4 Rework

When documentation is missing from the Contract Package or when other modifications or changes are needed, the

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Directorate officer responsible for routing and follow-up may arrange to hold the package until the rework is received, or may return the package to the Office. Simple changes such as the correction of budget numbers, modifications to the data on the ADPCI form may be accomplished through telephone calls. Most rework which requires return of the Contract Package to the Office is caused by deficiencies in the memorandum to the approving authority, and particular care should be given to the preparation of this memorandum.

1. 3. 2 Contract Package Content

The Contract Package normally consists of 4 items: the memorandum to the approval authority, the ADCPI form, the proposal, and the Form 2416 which is the routing sheet which collects the approval signatures. In the case of contract modifications and overruns, the proposal may or may not be available for inclusion, and the ADPCI data may consist only of a single correction or, in some cases, none at all. Actions other than new contracts or contract renewal must be examined individually to determine what should be included in the Contract Package. In those exceptional cases when procurement is to be placed by the OSA or OSP Special Contracting Officer, Form 1716 "Transfer of Funds" must

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be included in the package.

1. 3. 2. 1 Memorandum to the Approval Authority

The memorandum to the approval authority should be written in a language which is understandable with the level at which the approval is requested, and should be comprehensive and complete in terms of justifying the requested action.

When the Office Director or Deputy Director is the approving authority, (see 1. 3. 1. 1) the approval request memorandum will be addressed to the Office Director: when Directorate approval is required the memorandum will be addressed to the Deputy Director for Science and Technology and signed by the Office Director or Deputy Director: for Agency level approval the memorandum will be prepared for the DD/S&T signature and addressed to the Director of Central Intelligence. Similar practice should be followed in the case of overruns in accordance with the approval authorities described in 1. 3. 1. 2.

The memorandum recommending project approval should, insofar as possible, conform to the following format and contain the indicated information:

- a. Statement of where the recommendation or request

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is found in the memo.

- b. Statement of the problem or need.
- c. A discussion of the proposed project.
- d. Funding and identification of any supporting action required.
- e. The expected follow-on action.
- f. Identification of the project officer.
- g. Specific request for recommendation.

Item a. The first paragraph should be the well known standard paragraph "This memorandum contains a request (or recommendation). Such recommendation is stated in paragraph ."

Item b. The second paragraph should indicate why this work is needed and the particular problem and/or the part of the problem which the proposed effort would solve. This need not be over long but should be factual and understandable at the DCI level.

Item c. The third paragraph should present the general plan and organization of the work, and the schedule of the work to be performed. Reference should be made to the goal and program in the DD/S&T Plan to which this work relates; any logical connection between the proposed work and the preceding

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work should be spelled out. High risk areas, either in terms of schedule or technology, should be spelled out, together with an estimate of the seriousness of the problem. The items to be delivered as a result of this work should be stated, such as reports, operational prototypes, etc.

Item d. The fourth paragraph should state why and how the particular contractor was selected, and the estimated price of this work. In the event the estimated costs exceeds the programmed budget, the source of funds which will be re-programmed should be identified. If procurement is to be made by the OSA or OSP Special Contracting Officer, the reason why this procurement arrangement is desirable should be stated. The need for any concurrent supporting action such as GFE which may have to be supplied under the contract, operator training, or other such items should be specified. If the conduct of the work involves coordination with elements of the Department of Defense or other agencies, this should be clearly stated and any arrangements that have been made should be described.

Item e. The fifth paragraph should discuss what follow-on action may result from the conduct of this work. This may range from a simple continuation in the case of level-of-effort

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study contracts, to the procurement of operational equipment or the conduct of operation. If possible, some estimate of the magnitude of the follow-on effort implied should be given; for example, if an airborne recorder is to be developed with the intent of introducing it into a number of collection systems as a common element in order to reduce maintenance, etc., problems, the estimate of the number of items which may have to be procured and their estimated cost should be given.

Item f. The sixth paragraph should name the project officer and describe all security and contractual procedures required.

Item g. The last paragraph should state the request or recommendation. The request may be for concurrence, or approval, etc.

In the preparation of these memoranda, particular care should be given to spelling out any acronyms which may be peculiar to the office or to the Directorate. To avoid repetition of a lengthy phrase or name it should be spelled out when first used, followed by the desired acronym in parenthesis, after which the acronym may be used. Use of

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technical jargon should be avoided whenever possible. When complex problems, techniques, relationships, etc., are involved in a project, reference may be made to an attached proposal, or to an attachment to the memo, which provides appropriate detail; however, this procedure should not be used as a dodge for spelling out what is proposed in simple, complete, meaningful language in the basic memoranda, particularly when finding the desired particulars in a proposal may be most difficult, if not impossible, for anyone not intimately familiar with the work.

1.3.2.1.1 Check List for the Memorandum to the Approval Authority

- Para 1 Location of request or recommendation
- Para 2 Statement of reason for need-associated R&D goal
 or objective
 Extent to which the project is expected to satisfy
 the need
- Para 3 Work organization and plan
 Schedule of work
 Relation to any preceeding work
 Areas of high risk in schedule, technology, etc.;
 estimate of seriousness
 Items to be delivered

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Para 6 Project Officer's name

 Security procedures required

 Special contractual procedures required

ADPCI Form

Procedures for completing this form are described in detail in paragraph 1.5.1. The preferred procedure for submitting this information is to make penciled corrections to the computer printout of the planned program which the

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proposed Contract Package is designed to execute. The computer printout of the planned program follows the format used in ADPCI, and in many cases will need very little correction except for the insertion of the data regarding the contractor selected, and similar details which were not available at the time the program was planned. Special attention should be given to the technical description of the work to be performed and appropriate corrections made so the description accurately reflects the actual work proposed.

In those instances in which the computer printout of prior planning is not applicable or available, the ADPCI basic form should be filled out with the information available.

1. 3. 2. 3 Proposal

The Contract Package should include a copy of the proposal. In those instances in which competitive bids were submitted, copies of the losing proposals should accompany the Contract Package.

1. 3. 2. 4 Form 2416

This form is designed to indicate the routing of the Contract Package and provides for the signature of the approving officer. The signature of the approving officer on this form constitutes approval and direction for the

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implementation of the action proposed. For this reason this form identifies the proposal, provides budgetary identification numbers, etc., and the certification of the Budget Officer that funds are available. Attachments to Form 2416 are used to provide special instructions regarding any modifications to the proposal which should be made at the time the contract is placed or negotiated, and may also spell out particulars pertaining to security, GFE, or any other significant matter. For example, although the memorandum to the approving authority should specify the rationale for source selection, explicit and detailed justification in the case of sole source procurement should be attached to Form 2416. This information must be complete since only the Form 2416 and the proposals are forwarded to the procurement activities: the memorandum to the approving authority is returned to the originating Office and the ADPCI data is entered into the contract data base.

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